

**ASSEMBLY BILL**

**No. 1981**

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**Introduced by Assembly Member Brown**

February 19, 2014

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An act to amend Section 1936 of the Civil Code, relating to rental vehicles.

LEGISLATIVE COUNSEL'S DIGEST

AB 1981, as introduced, Brown. Rental vehicles: contracts.

Existing law governs contracts between vehicle rental companies and their customers and defines an authorized driver for purposes of these provisions.

This bill would make technical, nonsubstantive changes to this definition.

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

- 1     SECTION 1. Section 1936 of the Civil Code, as amended by  
2     Section 2 of Chapter 549 of the Statutes of 2013, is amended to  
3     read:  
4     1936. (a) For the purpose of this section, the following  
5     definitions shall apply:  
6     (1) "Rental company" means a person or entity in the business  
7     of renting passenger vehicles to the public.  
8     (2) "Renter" means any person in a manner obligated under a  
9     contract for the lease or hire of a passenger vehicle from a rental  
10    company for a period of less than 30 days.

(3) “Authorized driver” means ~~(A) the renter, (B) the renter’s spouse if that person is a licensed driver and satisfies the rental company’s minimum age requirement, (C) the renter’s employer or coworker if he or she is engaged in business activity with the renter, is a licensed driver, and satisfies the rental company’s minimum age requirement, and (D) a person expressly listed by the rental company on the renter’s contract as an authorized driver.~~  
all of the following:

(A) *The renter.*

(B) *The renter’s spouse if that person is a licensed driver and satisfies the rental company’s minimum age requirement.*

(C) *The renter’s employer or coworker if he or she is engaged in business activity with the renter, is a licensed driver, and satisfies the rental company’s minimum age requirement.*

(D) *A person expressly listed by the rental company on that renter’s contract as an authorized driver.*

(4) (A) “Customer facility charge” means any fee, including an alternative fee, required by an airport to be collected by a rental company from a renter for any of the following purposes:

(i) To finance, design, and construct consolidated airport car rental facilities.

(ii) To finance, design, construct, and operate common-use transportation systems that move passengers between airport terminals and those consolidated car rental facilities, and acquire vehicles for use in that system.

(iii) To finance, design, and construct terminal modifications solely to accommodate and provide customer access to common-use transportation systems.

(B) The aggregate amount to be collected shall not exceed the reasonable costs, as determined by an audit, by an independent auditor, paid for by the airport, to finance, design, and construct those facilities. The auditor shall independently examine and substantiate the necessity for and the amount of the customer facility charge, including whether the airport’s actual or projected costs are supported and justified, any steps the airport may take to limit costs, potential alternatives for meeting the airport’s revenue needs other than the collection of the fee, and whether and to what extent car rental companies or other businesses or individuals using the facility or common-use transportation system may pay for the costs associated with these facilities and systems other than the

1 fee from rental customers, or whether the airport did not comply  
2 with any provision of this subparagraph. Copies of the audit shall  
3 be provided to the Assembly and Senate Committees on Judiciary,  
4 the Assembly Committee on Transportation, and the Senate  
5 Committee on Transportation and Housing and shall be posted on  
6 the airport's Internet Web site. In the case of a customer facility  
7 charge for a common-use transportation system, the audit also  
8 shall consider the reasonable costs of providing the transit system  
9 or busing network pursuant to clause (ii) of subparagraph (A). Any  
10 audit required by this subparagraph may be included as a part of  
11 an audit of an airport's finances. Notwithstanding clause (iii) of  
12 subparagraph (A), the fees designated as a customer facility charge  
13 shall not be used to pay for terminal expansion, gate expansion,  
14 runway expansion, changes in hours of operation, or changes in  
15 the number of flights arriving or departing from the airport.

16 (C) Except as provided in subparagraph (D), the authorization  
17 given pursuant to this section for an airport to impose a customer  
18 facility charge shall become inoperative when the bonds used for  
19 financing are paid.

20 (D) If a bond or other form of indebtedness is not used for  
21 financing, or the bond or other form of indebtedness used for  
22 financing has been paid, the Oakland International Airport may  
23 require the collection of a customer facility charge for a period of  
24 up to 10 years from the imposition of the charge for the purposes  
25 allowed by, and subject to the conditions imposed by, this section.

26 (5) "Damage waiver" means a rental company's agreement not  
27 to hold a renter liable for all or any portion of any damage or loss  
28 related to the rented vehicle, any loss of use of the rented vehicle,  
29 or any storage, impound, towing, or administrative charges.

30 (6) "Electronic surveillance technology" means a technological  
31 method or system used to observe, monitor, or collect information,  
32 including telematics, Global Positioning System (GPS), wireless  
33 technology, or location-based technologies. "Electronic  
34 surveillance technology" does not include event data recorders  
35 (EDR), sensing and diagnostic modules (SDM), or other systems  
36 that are used either:

37 (A) For the purpose of identifying, diagnosing, or monitoring  
38 functions related to the potential need to repair, service, or perform  
39 maintenance on the rental vehicle.

1 (B) As part of the vehicle's airbag sensing and diagnostic system  
2 in order to capture safety systems-related data for retrieval after a  
3 crash has occurred or in the event that the collision sensors are  
4 activated to prepare the decisionmaking computer to make the  
5 determination to deploy or not to deploy the airbag.

6 (7) "Estimated time for replacement" means the number of hours  
7 of labor, or fraction thereof, needed to replace damaged vehicle  
8 parts as set forth in collision damage estimating guides generally  
9 used in the vehicle repair business and commonly known as "crash  
10 books."

11 (8) "Estimated time for repair" means a good faith estimate of  
12 the reasonable number of hours of labor, or fraction thereof, needed  
13 to repair damaged vehicle parts.

14 (9) "Membership program" means a service offered by a rental  
15 company that permits customers to bypass the rental counter and  
16 go directly to the car previously reserved. A membership program  
17 shall meet all of the following requirements:

18 (A) The renter initiates enrollment by completing an application  
19 on which the renter can specify a preference for type of vehicle  
20 and acceptance or declination of optional services.

21 (B) The rental company fully discloses, prior to the enrollee's  
22 first rental as a participant in the program, all terms and conditions  
23 of the rental agreement as well as all required disclosures.

24 (C) The renter may terminate enrollment at any time.

25 (D) The rental company fully explains to the renter that  
26 designated preferences, as well as acceptance or declination of  
27 optional services, may be changed by the renter at any time for  
28 the next and future rentals.

29 (E) An employee designated to receive the form specified in  
30 subparagraph (C) of paragraph (1) of subdivision (t) is present at  
31 the lot where the renter takes possession of the car, to receive any  
32 change in the rental agreement from the renter.

33 (10) "Passenger vehicle" means a passenger vehicle as defined  
34 in Section 465 of the Vehicle Code.

35 (b) Except as limited by subdivision (c), a rental company and  
36 a renter may agree that the renter will be responsible for no more  
37 than all of the following:

38 (1) Physical or mechanical damage to the rented vehicle up to  
39 its fair market value, as determined in the customary market for

1 the sale of that vehicle, resulting from collision regardless of the  
2 cause of the damage.

3 (2) Loss due to theft of the rented vehicle up to its fair market  
4 value, as determined in the customary market for the sale of that  
5 vehicle, provided that the rental company establishes by clear and  
6 convincing evidence that the renter or the authorized driver failed  
7 to exercise ordinary care while in possession of the vehicle. In  
8 addition, the renter shall be presumed to have no liability for any  
9 loss due to theft if (A) an authorized driver has possession of the  
10 ignition key furnished by the rental company or an authorized  
11 driver establishes that the ignition key furnished by the rental  
12 company was not in the vehicle at the time of the theft, and (B) an  
13 authorized driver files an official report of the theft with the police  
14 or other law enforcement agency within 24 hours of learning of  
15 the theft and reasonably cooperates with the rental company and  
16 the police or other law enforcement agency in providing  
17 information concerning the theft. The presumption set forth in this  
18 paragraph is a presumption affecting the burden of proof which  
19 the rental company may rebut by establishing that an authorized  
20 driver committed, or aided and abetted the commission of, the  
21 theft.

22 (3) Physical damage to the rented vehicle up to its fair market  
23 value, as determined in the customary market for the sale of that  
24 vehicle, resulting from vandalism occurring after, or in connection  
25 with, the theft of the rented vehicle. However, the renter shall have  
26 no liability for any damage due to vandalism if the renter would  
27 have no liability for theft pursuant to paragraph (2).

28 (4) Physical damage to the rented vehicle up to a total of five  
29 hundred dollars (\$500) resulting from vandalism unrelated to the  
30 theft of the rented vehicle.

31 (5) Actual charges for towing, storage, and impound fees paid  
32 by the rental company if the renter is liable for damage or loss.

33 (6) An administrative charge, which shall include the cost of  
34 appraisal and all other costs and expenses incident to the damage,  
35 loss, repair, or replacement of the rented vehicle.

36 (c) The total amount of the renter's liability to the rental  
37 company resulting from damage to the rented vehicle shall not  
38 exceed the sum of the following:

39 (1) The estimated cost of parts which the rental company would  
40 have to pay to replace damaged vehicle parts. All discounts and

1 price reductions or adjustments that are or will be received by the  
2 rental company shall be subtracted from the estimate to the extent  
3 not already incorporated in the estimate, or otherwise promptly  
4 credited or refunded to the renter.

5 (2) The estimated cost of labor to replace damaged vehicle parts,  
6 which shall not exceed the product of (A) the rate for labor usually  
7 paid by the rental company to replace vehicle parts of the type that  
8 were damaged and (B) the estimated time for replacement. All  
9 discounts and price reductions or adjustments that are or will be  
10 received by the rental company shall be subtracted from the  
11 estimate to the extent not already incorporated in the estimate, or  
12 otherwise promptly credited or refunded to the renter.

13 (3) (A) The estimated cost of labor to repair damaged vehicle  
14 parts, which shall not exceed the lesser of the following:

15 (i) The product of the rate for labor usually paid by the rental  
16 company to repair vehicle parts of the type that were damaged and  
17 the estimated time for repair.

18 (ii) The sum of the estimated labor and parts costs determined  
19 under paragraphs (1) and (2) to replace the same vehicle parts.

20 (B) All discounts and price reductions or adjustments that are  
21 or will be received by the rental company shall be subtracted from  
22 the estimate to the extent not already incorporated in the estimate,  
23 or otherwise promptly credited or refunded to the renter.

24 (4) For the purpose of converting the estimated time for repair  
25 into the same units of time in which the rental rate is expressed, a  
26 day shall be deemed to consist of eight hours.

27 (5) Actual charges for towing, storage, and impound fees paid  
28 by the rental company.

29 (6) The administrative charge described in paragraph (6) of  
30 subdivision (b) shall not exceed (A) fifty dollars (\$50) if the total  
31 estimated cost for parts and labor is more than one hundred dollars  
32 (\$100) up to and including five hundred dollars (\$500), (B) one  
33 hundred dollars (\$100) if the total estimated cost for parts and  
34 labor exceeds five hundred dollars (\$500) up to and including one  
35 thousand five hundred dollars (\$1,500), and (C) one hundred fifty  
36 dollars (\$150) if the total estimated cost for parts and labor exceeds  
37 one thousand five hundred dollars (\$1,500). An administrative  
38 charge shall not be imposed if the total estimated cost of parts and  
39 labor is one hundred dollars (\$100) or less.

1 (d) (1) The total amount of an authorized driver's liability to  
2 the rental company, if any, for damage occurring during the  
3 authorized driver's operation of the rented vehicle shall not exceed  
4 the amount of the renter's liability under subdivision (c).

5 (2) A rental company shall not recover from the renter or other  
6 authorized driver an amount exceeding the renter's liability under  
7 subdivision (c).

8 (3) A claim against a renter resulting from damage or loss,  
9 excluding loss of use, to a rental vehicle shall be reasonably and  
10 rationally related to the actual loss incurred. A rental company  
11 shall mitigate damages where possible and shall not assert or collect  
12 a claim for physical damage which exceeds the actual costs of the  
13 repairs performed or the estimated cost of repairs, if the rental  
14 company chooses not to repair the vehicle, including all discounts  
15 and price reductions. However, if the vehicle is a total loss vehicle,  
16 the claim shall not exceed the total loss vehicle value established  
17 in accordance with procedures that are customarily used by  
18 insurance companies when paying claims on total loss vehicles,  
19 less the proceeds from salvaging the vehicle, if those proceeds are  
20 retained by the rental company.

21 (4) If insurance coverage exists under the renter's applicable  
22 personal or business insurance policy and the coverage is confirmed  
23 during regular business hours, the renter may require that the rental  
24 company submit any claims to the renter's applicable personal or  
25 business insurance carrier. The rental company shall not make any  
26 written or oral representations that it will not present claims or  
27 negotiate with the renter's insurance carrier. For purposes of this  
28 paragraph, confirmation of coverage includes telephone  
29 confirmation from insurance company representatives during  
30 regular business hours. Upon request of the renter and after  
31 confirmation of coverage, the amount of claim shall be resolved  
32 between the insurance carrier and the rental company. The renter  
33 shall remain responsible for payment to the rental car company  
34 for any loss sustained that the renter's applicable personal or  
35 business insurance policy does not cover.

36 (5) A rental company shall not recover from the renter or other  
37 authorized driver for an item described in subdivision (b) to the  
38 extent the rental company obtains recovery from another person.

39 (6) This section applies only to the maximum liability of a renter  
40 or other authorized driver to the rental company resulting from

1 damage to the rented vehicle and not to the liability of another  
2 person.

3 (e) (1) Except as provided in subdivision (f), a damage waiver  
4 shall provide or, if not expressly stated in writing, shall be deemed  
5 to provide that the renter has no liability for a damage, loss, loss  
6 of use, or a cost or expense incident thereto.

7 (2) Except as provided in subdivision (f), every limitation,  
8 exception, or exclusion to a damage waiver is void and  
9 unenforceable.

10 (f) A rental company may provide in the rental contract that a  
11 damage waiver does not apply under any of the following  
12 circumstances:

13 (1) Damage or loss results from an authorized driver's (A)  
14 intentional, willful, wanton, or reckless conduct, (B) operation of  
15 the vehicle under the influence of drugs or alcohol in violation of  
16 Section 23152 of the Vehicle Code, (C) towing or pushing  
17 anything, or (D) operation of the vehicle on an unpaved road if  
18 the damage or loss is a direct result of the road or driving  
19 conditions.

20 (2) Damage or loss occurs while the vehicle is (A) used for  
21 commercial hire, (B) used in connection with conduct that could  
22 be properly charged as a felony, (C) involved in a speed test or  
23 contest or in driver training activity, (D) operated by a person other  
24 than an authorized driver, or (E) operated outside the United States.

25 (3) An authorized driver who has (A) provided fraudulent  
26 information to the rental company, or (B) provided false  
27 information and the rental company would not have rented the  
28 vehicle if it had instead received true information.

29 (g) (1) A rental company that offers or provides a damage  
30 waiver for any consideration in addition to the rental rate shall  
31 clearly and conspicuously disclose the following information in  
32 the rental contract or holder in which the contract is placed and,  
33 also, in signs posted at the place, such as the counter, where the  
34 renter signs the rental contract, and, for renters who are enrolled  
35 in the rental company's membership program, in a sign that shall  
36 be posted in a location clearly visible to those renters as they enter  
37 the location where their reserved rental cars are parked or near the  
38 exit of the bus or other conveyance that transports the enrollee to  
39 a reserved car: (A) the nature of the renter's liability, such as  
40 liability for all collision damage regardless of cause, (B) the extent



1 of the renter's liability, such as liability for damage or loss up to  
2 a specified amount, (C) the renter's personal insurance policy or  
3 the credit card used to pay for the car rental transaction may  
4 provide coverage for all or a portion of the renter's potential  
5 liability, (D) the renter should consult with his or her insurer to  
6 determine the scope of insurance coverage, including the amount  
7 of the deductible, if any, for which the renter is obligated, (E) the  
8 renter may purchase an optional damage waiver to cover all  
9 liability, subject to whatever exceptions the rental company  
10 expressly lists that are permitted under subdivision (f), and (F) the  
11 range of charges for the damage waiver.

12 (2) In addition to the requirements of paragraph (1), a rental  
13 company that offers or provides a damage waiver shall orally  
14 disclose to all renters, except those who are participants in the  
15 rental company's membership program, that the damage waiver  
16 may be duplicative of coverage that the customer maintains under  
17 his or her own policy of motor vehicle insurance. The renter's  
18 receipt of the oral disclosure shall be demonstrated through the  
19 renter's acknowledging receipt of the oral disclosure near that part  
20 of the contract where the renter indicates, by the renter's own  
21 initials, his or her acceptance or declination of the damage waiver.  
22 Adjacent to that same part, the contract also shall state that the  
23 damage waiver is optional. Further, the contract for these renters  
24 shall include a clear and conspicuous written disclosure that the  
25 damage waiver may be duplicative of coverage that the customer  
26 maintains under his or her own policy of motor vehicle insurance.

27 (3) The following is an example, for purposes of illustration  
28 and not limitation, of a notice fulfilling the requirements of  
29 paragraph (1) for a rental company that imposes liability on the  
30 renter for collision damage to the full value of the vehicle:

31  
32 "NOTICE ABOUT YOUR FINANCIAL RESPONSIBILITY  
33 AND OPTIONAL DAMAGE WAIVER  
34

35 You are responsible for all collision damage to the rented vehicle  
36 even if someone else caused it or the cause is unknown. You are  
37 responsible for the cost of repair up to the value of the vehicle,  
38 and towing, storage, and impound fees.

39 Your own insurance, or the issuer of the credit card you use to  
40 pay for the car rental transaction, may cover all or part of your

1 financial responsibility for the rented vehicle. You should check  
2 with your insurance company, or credit card issuer, to find out  
3 about your coverage and the amount of the deductible, if any, for  
4 which you may be liable.

5 Further, if you use a credit card that provides coverage for your  
6 potential liability, you should check with the issuer to determine  
7 if you must first exhaust the coverage limits of your own insurance  
8 before the credit card coverage applies.

9 The rental company will not hold you responsible if you buy a  
10 damage waiver. But a damage waiver will not protect you if (list  
11 exceptions)."

12 (A) When the above notice is printed in the rental contract or  
13 holder in which the contract is placed, the following shall be printed  
14 immediately following the notice:

15 "The cost of an optional damage waiver is \$\_\_\_\_\_ for every (day  
16 or week)."

17 (B) When the above notice appears on a sign, the following  
18 shall appear immediately adjacent to the notice:

19 "The cost of an optional damage waiver is \$\_\_\_\_\_ to \$\_\_\_\_\_ for  
20 every (day or week), depending upon the vehicle rented."

21 (h) Notwithstanding any other provision of law, a rental  
22 company may sell a damage waiver subject to the following rate  
23 limitations for each full or partial 24-hour rental day for the damage  
24 waiver.

25 (1) For rental vehicles that the rental company designates as an  
26 "economy car," "subcompact car," "compact car," or another term  
27 having similar meaning when offered for rental, or another vehicle  
28 having a manufacturer's suggested retail price of nineteen thousand  
29 dollars (\$19,000) or less, the rate shall not exceed nine dollars  
30 (\$9).

31 (2) For rental vehicles that have a manufacturer's suggested  
32 retail price from nineteen thousand one dollars (\$19,001) to  
33 thirty-four thousand nine hundred ninety-nine dollars (\$34,999),  
34 inclusive, and that are also either vehicles of next year's model,  
35 or not older than the previous year's model, the rate shall not  
36 exceed fifteen dollars (\$15). For those rental vehicles older than  
37 the previous year's model-year, the rate shall not exceed nine  
38 dollars (\$9).

39 (i) The manufacturer's suggested retail prices described in  
40 subdivision (h) shall be adjusted annually to reflect changes from

1 the previous year in the Consumer Price Index. For the purposes  
2 of this section, “Consumer Price Index” means the United States  
3 Consumer Price Index for All Urban Consumers, for all items.

4 (j) A rental company that disseminates in this state an  
5 advertisement containing a rental rate shall include in that  
6 advertisement a clearly readable statement of the charge for a  
7 damage waiver and a statement that a damage waiver is optional.

8 (k) (1) A rental company shall not require the purchase of a  
9 damage waiver, optional insurance, or another optional good or  
10 service.

11 (2) A rental company shall not engage in any unfair, deceptive,  
12 or coercive conduct to induce a renter to purchase the damage  
13 waiver, optional insurance, or another optional good or service,  
14 including conduct such as, but not limited to, refusing to honor  
15 the renter’s reservation, limiting the availability of vehicles,  
16 requiring a deposit, or debiting or blocking the renter’s credit card  
17 account for a sum equivalent to a deposit if the renter declines to  
18 purchase the damage waiver, optional insurance, or another  
19 optional good or service.

20 (l) (1) In the absence of express permission granted by the  
21 renter subsequent to damage to, or loss of, the vehicle, a rental  
22 company shall not seek to recover any portion of a claim arising  
23 out of damage to, or loss of, the rented vehicle by processing a  
24 credit card charge or causing a debit or block to be placed on the  
25 renter’s credit card account.

26 (2) A rental company shall not engage in any unfair, deceptive,  
27 or coercive tactics in attempting to recover or in recovering on any  
28 claim arising out of damage to, or loss of, the rented vehicle.

29 (m) (1) A customer facility charge may be collected by a rental  
30 company under the following circumstances:

31 (A) Collection of the fee by the rental company is required by  
32 an airport operated by a city, a county, a city and county, a joint  
33 powers authority, a special district, or the San Diego County  
34 Regional Airport Authority formed pursuant to Division 17  
35 (commencing with Section 170000) of the Public Utilities Code.

36 (B) The fee is calculated on a per contract basis or as provided  
37 in paragraph (2).

38 (C) The fee is a user fee, not a tax imposed upon real property  
39 or an incidence of property ownership under Article XIII D of the  
40 California Constitution.

1 (D) Except as otherwise provided in subparagraph (E), the fee  
2 shall be ten dollars (\$10) per contract or the amount provided in  
3 paragraph (2).

4 (E) The fee for a consolidated rental car facility shall be  
5 collected only from customers of on-airport rental car companies.  
6 If the fee imposed by the airport is for both a consolidated rental  
7 car facility and a common-use transportation system, the fee  
8 collected from customers of on-airport rental car companies shall  
9 be ten dollars (\$10) or the amount provided in paragraph (2), but  
10 the fee imposed on customers of off-airport rental car companies  
11 who are transported on the common-use transportation system is  
12 proportionate to the costs of the common-use transportation system  
13 only. The fee is uniformly applied to each class of on-airport or  
14 off-airport customers, provided that the airport requires off-airport  
15 customers to use the common-use transportation system. For  
16 purposes of this subparagraph, “on-airport rental car company”  
17 means a rental company operating under an airport property lease  
18 or an airport concession or license agreement whose customers  
19 use or will use the consolidated rental car facility and the collection  
20 of the fee as to those customers is consistent with subparagraph  
21 (C).

22 (F) Revenues collected from the fee do not exceed the reasonable  
23 costs of financing, designing, and constructing the facility and  
24 financing, designing, constructing, and operating any common-use  
25 transportation system, or acquiring vehicles for use in that system,  
26 and shall not be used for any other purpose.

27 (G) The fee is separately identified on the rental agreement.

28 (H) This paragraph does not apply to fees which are governed  
29 by Section 50474.1 of the Government Code or Section 57.5 of  
30 the San Diego Unified Port District Act.

31 (I) For any airport seeking to require rental car companies to  
32 collect an alternative customer facility charge pursuant to paragraph  
33 (2), the following provisions apply:

34 (i) Notwithstanding Section 10231.5 of the Government Code,  
35 the airport shall provide reports on an annual basis to the Senate  
36 and Assembly Committees on Judiciary detailing all of the  
37 following:

38 (I) The total amount of the customer facility charge collected.

39 (II) How the funds are being spent.

1 (III) The amount of and reason for any changes in the airport's  
2 budget or financial needs for the facility or common-use  
3 transportation system.

4 (IV) Whether airport concession fees authorized by Section  
5 1936.01 have increased since the prior report, if any.

6 (ii) (I) The airport shall complete the audit required by  
7 subparagraph (B) of paragraph (4) of subdivision (a) prior to *the*  
8 initial collection of the customer facility charge. Notwithstanding  
9 Section 10231.5 of the Government Code, copies of the audit shall  
10 be provided to the Assembly and Senate Committees on Judiciary,  
11 the Assembly Committee on Transportation, and the Senate  
12 Committee on Transportation and Housing and shall be posted on  
13 the airport's Internet Web site.

14 (II) Prior to any increase pursuant to paragraph (2), the airport  
15 shall update the information provided in the initial collection audit  
16 pursuant to subclause (I). Notwithstanding Section 10231.5 of the  
17 Government Code, copies of the updated audit shall be provided  
18 to the Assembly and Senate Committees on Judiciary, the  
19 Assembly Committee on Transportation, and the Senate Committee  
20 on Transportation and Housing and shall be posted on the airport's  
21 Internet Web site.

22 (III) An audit shall be completed every three years after initial  
23 collection only if the customer facility charge is collected for the  
24 purpose of operating a common-use transportation system or to  
25 acquire vehicles for use in ~~such a~~ *the* system pursuant to clause  
26 (ii) of subparagraph (A) of paragraph (4) of subdivision (a). A  
27 regularly conducted audit of airport finances that includes the  
28 customer facility charge information, that satisfies the requirements  
29 of subparagraph (B) of paragraph (4) of subdivision (a), and is  
30 produced in accordance with the generally accepted accounting  
31 principles of the Government Accounting Standards Board, shall  
32 satisfy the requirements of this subclause. This obligation shall  
33 continue until the fee authorization becomes inoperative pursuant  
34 to subparagraph (C) of paragraph (4) of subdivision (a).  
35 Notwithstanding Section 10231.5 of the Government Code, the  
36 information reported pursuant to this subclause shall be compiled  
37 into one document, shall be provided to the Assembly and Senate  
38 Committees on Judiciary, the Assembly Committee on  
39 Transportation, and the Senate Committee on Transportation and  
40 Housing and shall be posted on the airport's Internet Web site

1 accessible to the public. The information reported shall be  
2 contained within one easily accessible page contained within the  
3 airport's Internet Web site.

4 (IV) This section shall not be construed to require an airport to  
5 audit a common-use transportation system not financed by a  
6 customer facility charge and used for the purposes permitted  
7 pursuant to clause (ii) of subparagraph (A) of paragraph (4) of  
8 subdivision (a).

9 (V) The airport shall post on the airport's Internet Web site  
10 copies of the completed audits required by this clause for a period  
11 of six years following the audit's completion.

12 (iii) Use of the bonds shall be limited to construction and design  
13 of the consolidated rental car facility, terminal modifications, and  
14 operating costs of the common-use transportation system, as  
15 specified in paragraph (4) of subdivision (a).

16 (2) Any airport may require rental car companies to collect an  
17 alternative customer facility charge under the following conditions:

18 (A) The airport first conducts a publicly noticed hearing pursuant  
19 to the Ralph M. Brown Act (Chapter 9 (commencing with Section  
20 54950) of Part 1 of Division 2 of Title 5 of the Government Code)  
21 to review the costs of financing the design and construction of a  
22 consolidated rental car facility and the design, construction, and  
23 operation of any common-use transportation system in which all  
24 of the following occur:

25 (i) The airport establishes the amount of revenue necessary to  
26 finance the reasonable cost to design and construct a consolidated  
27 rental car facility and to design, construct, and operate any  
28 common-use transportation system, or acquire vehicles for use in  
29 that system, based on evidence presented during the hearing.

30 (ii) The airport finds, based on evidence presented during the  
31 hearing, that the fee authorized in paragraph (1) will not generate  
32 sufficient revenue to finance the reasonable costs to design and  
33 construct a consolidated rental car facility and to design, construct,  
34 and operate any common-use transportation system, or acquire  
35 vehicles for use in that system.

36 (iii) The airport finds that the reasonable cost of the project  
37 requires the additional amount of revenue that would be generated  
38 by the proposed daily rate, including any rate increase, authorized  
39 pursuant to this paragraph.

40 (iv) The airport outlines each of the following:

1 (I) Steps it has taken to limit costs.

2 (II) Other potential alternatives for meeting its revenue needs  
3 other than the collection of the fee.

4 (III) The extent to which rental car companies or other  
5 businesses or individuals using the facility or common-use  
6 transportation system will pay for the costs associated with these  
7 facilities and systems other than the fee from rental customers.

8 (B) The airport may not require the fee authorized in this  
9 paragraph to be collected at any time that the fee authorized in  
10 paragraph (1) of this subdivision is being collected.

11 (C) Pursuant to the procedure set forth in this subdivision, the  
12 fee may be collected at a rate charged on a per-day basis subject  
13 to the following conditions:

14 (i) Commencing January 1, 2011, the amount of the fee may  
15 not exceed six dollars (\$6) per day.

16 (ii) Commencing January 1, 2014, the amount of the fee may  
17 not exceed seven dollars and fifty cents (\$7.50) per day.

18 (iii) Commencing January 1, 2017, and thereafter, the amount  
19 of the fee may not exceed nine dollars (\$9) per day.

20 (iv) At no time shall the fee authorized in this paragraph be  
21 collected from any customer for more than five days for each  
22 individual rental car contract.

23 (v) An airport subject to this paragraph shall initiate the process  
24 for obtaining the authority to require or increase the alternative  
25 fee no later than January 1, 2018. Any airport that obtains the  
26 authority to require or increase an alternative fee shall be authorized  
27 to continue collecting that fee until the fee authorization becomes  
28 inoperative pursuant to subparagraph (C) of paragraph (4) of  
29 subdivision (a).

30 (3) Notwithstanding any other provision of law, including, but  
31 not limited to, Part 1 (commencing with Section 6001) to Part 1.7  
32 (commencing with Section 7280), inclusive, of Division 2 of the  
33 Revenue and Taxation Code, the fees collected pursuant to this  
34 section, or another law whereby a local agency operating an airport  
35 requires a rental car company to collect a facility financing fee  
36 from its customers, are not subject to sales, use, or transaction  
37 taxes.

38 (n) (1) A rental company shall only advertise, quote, and charge  
39 a rental rate that includes the entire amount except taxes, a  
40 customer facility charge, if any, and a mileage charge, if any, that

1 a renter must pay to hire or lease the vehicle for the period of time  
2 to which the rental rate applies. A rental company shall not charge  
3 in addition to the rental rate, taxes, a customer facility charge, if  
4 any, and a mileage charge, if any, any fee that is required to be  
5 paid by the renter as a condition of hiring or leasing the vehicle,  
6 including, but not limited to, required fuel or airport surcharges  
7 other than customer facility charges, nor a fee for transporting the  
8 renter to the location where the rented vehicle will be delivered to  
9 the renter.

10 (2) In addition to the rental rate, taxes, customer facility charges,  
11 if any, and mileage charges, if any, a rental company may charge  
12 for an item or service provided in connection with a particular  
13 rental transaction if the renter could have avoided incurring the  
14 charge by choosing not to obtain or utilize the optional item or  
15 service. Items and services for which the rental company may  
16 impose an additional charge include, but are not limited to, optional  
17 insurance and accessories requested by the renter, service charges  
18 incident to the renter's optional return of the vehicle to a location  
19 other than the location where the vehicle was hired or leased, and  
20 charges for refueling the vehicle at the conclusion of the rental  
21 transaction in the event the renter did not return the vehicle with  
22 as much fuel as was in the fuel tank at the beginning of the rental.  
23 A rental company also may impose an additional charge based on  
24 reasonable age criteria established by the rental company.

25 (3) A rental company shall not charge a fee for authorized  
26 drivers in addition to the rental charge for an individual renter.

27 (4) If a rental company states a rental rate in print advertisement  
28 or in a telephonic, in-person, or computer-transmitted quotation,  
29 the rental company shall disclose clearly in that advertisement or  
30 quotation the terms of mileage conditions relating to the advertised  
31 or quoted rental rate, including, but not limited to, to the extent  
32 applicable, the amount of mileage and gas charges, the number of  
33 miles for which no charges will be imposed, and a description of  
34 geographic driving limitations within the United States and Canada.

35 (5) (A) When a rental rate is stated in an advertisement,  
36 quotation, or reservation in connection with a car rental at an airport  
37 where a customer facility charge is imposed, the rental company  
38 shall disclose clearly the existence and amount of the customer  
39 facility charge. For purposes of this subparagraph, advertisements  
40 include radio, television, other electronic media, and print



1 advertisements. For purposes of this subparagraph, quotations and  
2 reservations include those that are telephonic, in-person, and  
3 computer-transmitted. If the rate advertisement is intended to  
4 include transactions at more than one airport imposing a customer  
5 facility charge, a range of fees may be stated in the advertisement.  
6 However, all rate advertisements that include car rentals at airport  
7 destinations shall clearly and conspicuously include a toll-free  
8 telephone number whereby a customer can be told the specific  
9 amount of the customer facility charge to which the customer will  
10 be obligated.

11 (B) If a person or entity other than a rental car company,  
12 including a passenger carrier or a seller of travel services, advertises  
13 or quotes a rate for a car rental at an airport where a customer  
14 facility charge is imposed, that person or entity shall, provided  
15 that he, she, or it is provided with information about the existence  
16 and amount of the fee, to the extent not specifically prohibited by  
17 federal law, clearly disclose the existence and amount of the fee  
18 in any telephonic, in-person, or computer-transmitted quotation at  
19 the time of making an initial quotation of a rental rate and at the  
20 time of making a reservation of a rental car. If a rental car company  
21 provides the person or entity with rate and customer facility charge  
22 information, the rental car company is not responsible for the  
23 failure of that person or entity to comply with this subparagraph  
24 when quoting or confirming a rate to a third person or entity.

25 (6) If a rental company delivers a vehicle to a renter at a location  
26 other than the location where the rental company normally carries  
27 on its business, the rental company shall not charge the renter an  
28 amount for the rental for the period before the delivery of the  
29 vehicle. If a rental company picks up a rented vehicle from a renter  
30 at a location other than the location where the rental company  
31 normally carries on its business, the rental company shall not  
32 charge the renter an amount for the rental for the period after the  
33 renter notifies the rental company to pick up the vehicle.

34 (o) A rental company shall not use, access, or obtain any  
35 information relating to the renter's use of the rental vehicle that  
36 was obtained using electronic surveillance technology, except in  
37 the following circumstances:

38 (1) (A) When the equipment is used by the rental company  
39 only for the purpose of locating a stolen, abandoned, or missing  
40 rental vehicle after one of the following:

1 (i) The renter or law enforcement has informed the rental  
2 company that the vehicle is missing or has been stolen or  
3 abandoned.

4 (ii) The rental vehicle has not been returned following one week  
5 after the contracted return date, or by one week following the end  
6 of an extension of that return date.

7 (iii) The rental company discovers the rental vehicle has been  
8 stolen or abandoned, and, if stolen, it shall report the vehicle stolen  
9 to law enforcement by filing a stolen vehicle report, unless law  
10 enforcement has already informed the rental company that the  
11 vehicle is missing or has been stolen or abandoned.

12 (B) If electronic surveillance technology is activated pursuant  
13 to subparagraph (A), a rental company shall maintain a record, in  
14 either electronic or written form, of information relevant to the  
15 activation of that technology. That information shall include the  
16 rental agreement, including the return date, and the date and time  
17 the electronic surveillance technology was activated. The record  
18 shall also include, if relevant, a record of written or other  
19 communication with the renter, including communications  
20 regarding extensions of the rental, police reports, or other written  
21 communication with law enforcement officials. The record shall  
22 be maintained for a period of at least 12 months from the time the  
23 record is created and shall be made available upon the renter's  
24 request. The rental company shall maintain and furnish explanatory  
25 codes necessary to read the record. A rental company shall not be  
26 required to maintain a record if electronic surveillance technology  
27 is activated to recover a rental vehicle that is stolen or missing at  
28 a time other than during a rental period.

29 (2) In response to a specific request from law enforcement  
30 pursuant to a subpoena or search warrant.

31 (3) This subdivision does not prohibit a rental company from  
32 equipping rental vehicles with GPS-based technology that provides  
33 navigation assistance to the occupants of the rental vehicle, if the  
34 rental company does not use, access, or obtain information relating  
35 to the renter's use of the rental vehicle that was obtained using  
36 that technology, except for the purposes of discovering or repairing  
37 a defect in the technology and the information may then be used  
38 only for that purpose.

39 (4) This subdivision does not prohibit a rental company from  
40 equipping rental vehicles with electronic surveillance technology

1 that allows for the remote locking or unlocking of the vehicle at  
2 the request of the renter, if the rental company does not use, access,  
3 or obtain information relating to the renter's use of the rental  
4 vehicle that was obtained using that technology, except as  
5 necessary to lock or unlock the vehicle.

6 (5) This subdivision does not prohibit a rental company from  
7 equipping rental vehicles with electronic surveillance technology  
8 that allows the company to provide roadside assistance, such as  
9 towing, flat tire, or fuel services, at the request of the renter, if the  
10 rental company does not use, access, or obtain information relating  
11 to the renter's use of the rental vehicle that was obtained using  
12 that technology except as necessary to provide the requested  
13 roadside assistance.

14 (6) This subdivision does not prohibit a rental company from  
15 obtaining, accessing, or using information from electronic  
16 surveillance technology for the sole purpose of determining the  
17 date and time the vehicle is returned to the rental company, and  
18 the total mileage driven and the vehicle fuel level of the returned  
19 vehicle. This paragraph, however, shall apply only after the renter  
20 has returned the vehicle to the rental company, and the information  
21 shall only be used for the purpose described in this paragraph.

22 (p) A rental company shall not use electronic surveillance  
23 technology to track a renter in order to impose fines or surcharges  
24 relating to the renter's use of the rental vehicle.

25 (q) A renter may bring an action against a rental company for  
26 the recovery of damages and appropriate equitable relief for a  
27 violation of this section. The prevailing party shall be entitled to  
28 recover reasonable attorney's fees and costs.

29 (r) A rental company that brings an action against a renter for  
30 loss due to theft of the vehicle shall bring the action in the county  
31 in which the renter resides or, if the renter is not a resident of this  
32 state, in the jurisdiction in which the renter resides.

33 (s) A waiver of any of the provisions of this section shall be  
34 void and unenforceable as contrary to public policy.

35 (t) (1) A rental company's disclosure requirements shall be  
36 satisfied for renters who are enrolled in the rental company's  
37 membership program if all of the following conditions are met:

38 (A) Prior to the enrollee's first rental as a participant in the  
39 program, the renter receives, in writing, the following:

1 (i) All of the disclosures required by paragraph (1) of subdivision  
2 (g), including the terms and conditions of the rental agreement  
3 then in effect.

4 (ii) An Internet Web site address, as well as a contact number  
5 or address, where the enrollee can learn of changes to the rental  
6 agreement or to the laws of this state governing rental agreements  
7 since the effective date of the rental company's most recent  
8 restatement of the rental agreement and distribution of that  
9 restatement to its members.

10 (B) At the commencement of each rental period, the renter is  
11 provided, on the rental record or the folder in which it is inserted,  
12 with a printed notice stating that he or she had either previously  
13 selected or declined an optional damage waiver and that the renter  
14 has the right to change preferences.

15 (C) At the commencement of each rental period, the rental  
16 company provides, on the rearview mirror, a hanger on which a  
17 statement is printed, in a box, in at least 12-point boldface type,  
18 notifying the renter that the collision damage waiver offered by  
19 the rental company may be duplicative of coverage that the  
20 customer maintains under his or her own policy of motor vehicle  
21 insurance. If it is not feasible to hang the statement from the  
22 rearview mirror, it shall be hung from the steering wheel.

23 The hanger shall provide the renter a box to initial if he or she  
24 (not his or her employer) has previously accepted or declined the  
25 collision damage waiver and that he or she now wishes to change  
26 his or her decision to accept or decline the collision damage waiver,  
27 as follows:

28 “ If I previously accepted the collision damage waiver, I now  
29 decline it.

30 If I previously declined the collision damage waiver, I now  
31 accept it.”

32 The hanger shall also provide a box for the enrollee to indicate  
33 whether this change applies to this rental transaction only or to all  
34 future rental transactions. The hanger shall also notify the renter  
35 that he or she may make that change, prior to leaving the lot, by  
36 returning the form to an employee designated to receive the form  
37 who is present at the lot where the renter takes possession of the  
38 car, to receive any change in the rental agreement from the renter.

1 (2) (A) This subdivision is not effective unless the employee  
2 designated pursuant to subparagraph (E) of paragraph (8) of  
3 subdivision (a) is actually present at the required location.

4 (B) This subdivision does not relieve the rental company from  
5 the disclosures required to be made within the text of a contract  
6 or holder in which the contract is placed; in or on an advertisement  
7 containing a rental rate; or in a telephonic, in-person, or  
8 computer-transmitted quotation or reservation.

9 (u) The amendments made to this section during the 2001–02  
10 Regular Session of the Legislature do not affect litigation pending  
11 on or before January 1, 2003, alleging a violation of Section 22325  
12 of the Business and Professions Code as it read at the time the  
13 action was commenced.

14 ~~(v) This section shall become operative on January 1, 2015.~~

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